

# SB 1176 (STEINBERG)

## *AN ACT RELATING TO HEALTH CARE OUT-OF-POCKET EXPENSES*

### SUMMARY

**SB 1176** would place the responsibility for tracking out of pocket expenses on health plans and insurance companies. It would require health plans and insurers to monitor out-of-pocket expenses incurred by the enrollee, to notify the consumer when that individual has achieved the maximum limits related to their copay, coinsurance, deductible and other out-of-pocket expenses and reimburse the consumer to cost sharing in excess of the annual limit.

### EXISTING LAW

Section 1367.006 of the California Health & Safety Code and section 10112.28 of the California Insurance Code currently mandate that Health Plans must provide for a maximum limit on the annual out-of-pocket expenses ( OOP) for all covered essential benefits. Furthermore, the maximum OOP limit must apply to all forms of cost sharing, for all covered essential benefits. Existing law is unclear or silent on whether it is the responsibility of the consumer or the health plan to monitor accrual of OOP in order to determine when the consumer has met the annual out of pocket maximum.

### ISSUE

Some health plans and insurers require members to keep receipts of their OOP, even for in-network care. Subsequently, these consumers must present their

receipts to the plan or insurer in order to demonstrate that they have met their annual limit. . Many consumers have found that these requirements are onerous, and that the “explanation of benefits” provided by certain plans/insurers are confusing and difficult to comprehend. Individuals from underserved communities may also face unique challenges in complying with these requirements since this information may not be provided in a linguistically or culturally competent manner. Existing law specifically exempt EOBs from translation requirements so literally the consumer would have no way of knowing what they owe or whether they have hit their out of pocket limit.

Consumers who are unable to track their OOP, will incur continued personal costs that are the legal responsibility of the health plans or insurers. The burden should be on the plan, not the consumer, to track the accrual of out of pocket costs.

### THIS BILL

**SB 1176** places the burden on the health plan or insurer, not the consumer, to track the accrual of out of pocket costs. It also requires health plans and insurance companies to monitor OOP incurred by the enrollees and to notify the consumers when they have reached the total annual out-of-pocket maximum that is specified by their health care contract. The health plans and insurers would track cost-sharing for in-network providers; and also accept claims for specified services

(emergency and covered benefits) that are provided by out-of-network providers. If the cost-sharing attributable to an enrollee exceeds the total annual OOPe, the health care plan or insurance company would be responsible for reimbursing the individual within 30 days of receipt of the claims information.

### **CONCLUSION**

Existing law has established that specified health plans and health insurance policies are subject to a maximum limit on annual OOPe for all covered benefits that meet the definition of essential health benefits. SB 1176 is a simple measure that establishes uniform reporting requirements on these expenditures from the health plans and insurance companies to the consumers. Thus, this measure

clarifies existing law and establishes a “level playing field “ for the health care industry. **SB 1176** also provides added consumer protection by providing patients with information that will help safeguard Californians from inadvertently paying inappropriate out-of-pocket expenses.

### **SPONSOR**

Pending

### **SUPPORT**

To be determined.

### **STAFF CONTACT**

Louis A. Vismara MD  
Policy Consultant: Sen. Darrell Steinberg  
[louis.vismara@sen.ca.gov](mailto:louis.vismara@sen.ca.gov)